



Agenda Date: 06/07/06  
Agenda Item: II A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**www.bpu.state.nj.us**

**ENERGY**

IN THE MATTER OF THE PETITION OF ATLANTIC  
CITY ELECTRIC COMPANY, ELIZABETHTOWN GAS  
COMPANY, JERSEY CENTRAL POWER & LIGHT, )  
NEW JERSEY NATURAL GAS COMPANY, PUBLIC )  
SERVICE ELECTRIC & GAS COMPANY, ROCKLAND )  
ELECTRIC COMPANY, AND SOUTH JERSEY GAS )  
COMPANY TO IMPLEMENT THE TARIFF CHANGES  
REQUIRED BY P.L.2005, c.374

**ORDER**

BPU Dkt. No. AT06050385

(SERVICE LIST ATTACHED)

**BY THE BOARD:**

On June 30, 2004, the "Business Retention and Relocation Assistance Act" (2004 Act), P.L. 2004, c.65 became law. The 2004 Act, among other things, provides incentives for business relocation and retention in New Jersey. Section 23 of the 2004 Act provides for an exemption from taxes imposed under the "Sales and Use Tax Act", P.L.1966, c. 30(C.54:32B-1 et seq.) for retail sales of energy and utility service to qualified businesses operating in an urban enterprise zone. On January 12, 2006, P.L. 2005. c.374 ("2006 Act") was approved. The 2006 Act amended the 2004 Act by expanding the eligibility for the Sales and Use Tax ("SUT") exemption.

The 2006 Act amended the 2004 Act by expanding the eligibility for the SUT exemption of energy and utility service purchases by certain manufacturing-intensive businesses in Urban Enterprise Zones and certain counties with reduced sales tax. Primarily, the 2006 Act extends the SUT exemption to the following two groups that did not qualify under the 2004 Act:

- 1 a qualified business that employs at least 250 people, but fewer than 500 people, within an enterprise zone, at least 50% of whom are directly employed in a manufacturing process, for the exclusive use or consumption of such business within an enterprise zone, and
2. a business facility that is located in a county that is designated for the 50 percent sales tax exemption under section 1 of P.L.1993, c.373 (C.54:32B-8.45), provided that the

business employs at least 50 people at this facility, at least 50 percent of whom are directly employed in a manufacturing process, and provided that the energy and utility services are consumed exclusively at that facility.

The Business Retention and Relocation Assistance Act (P.L. 2004, c.65) and subsequent amendment (P.L. 2005, c.374) described above exempts the following customers from the Sales and Use Tax provision:

- 1 a qualified business that employs at least 250 people within an enterprise zone, at least 50% of whom are directly employed in a manufacturing process, for the exclusive use or consumption of such business within an enterprise zone;
2. a group of two or more persons:
  - a. each of which is a qualified business that are all located within a single redevelopment area adopted pursuant to the "Local Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.);
  - b. that collectively employ at least 250 people within an enterprise zone, at least 50% of whom are directly employed in a manufacturing process;
  - c. are each engaged in a vertically integrated business, evidenced by the manufacture and distribution of a product or family of products that, when taken together, are primarily used, packaged and sold as a single product; and
  - d collectively use the energy and utility service for the exclusive use or consumption of each of the persons that comprise a group within an enterprise zone; and
3. a business facility located within a county that is designated for the 50% tax exemption under section 1 of P.L. 1993, c. 373 (C.54:32B-8.45) provided that the business certifies that it employs at least 50 people at that facility, at least 50% of whom are directly employed in a manufacturing process, and provided that the energy and utility services are consumed exclusively at that facility.

A qualified business will continue to be subject to applicable Board of Public Utilities tariff regulations except that its bills from utility companies and third party suppliers for energy and utility service shall not include charges for the SUT.

Further a business that meets the requirements for the exemption shall not be allowed the exemption granted pursuant to this section until it has complied with such requirements for obtaining the exemption as may be provided pursuant to P.L.1983, c.303 (C.52:27H-60 et seq.) and P.L.1966, c.30 (C.54:32B-1 et seq.). The Chief Executive Officer and Secretary of the Commerce and Economic Growth Commission shall provide prompt notice to the President of the Board of Public Utilities and to the Director of the Division of Taxation in the Department of the Treasury, of a qualified business that has qualified for the exemption under Section 23 and shall provide the president and the director an annual list of all businesses that qualify.

On May 23, 2006, a Joint Petition was filed on behalf of Atlantic City Electric Company, Elizabethtown Gas Company, Jersey Central Power & Light Company, New Jersey Natural Gas Company, Public Service Electric and Gas Company, Rockland Electric Company, and South Jersey Gas Company (jointly, the energy distribution utilities or "EDUs"). The EDUs filed proposed tariffs incorporating the aforementioned exemption of SUT so that they will be in

compliance with current New Jersey law. The proposed tariff changes are not designed to, or expected to, increase customer rates or obtain additional revenues from electric and/or natural gas customers. The EDUs requested that the Board issue a written Order approving the proposed tariff sheets nunc pro tunc, effective January 12, 2006.

On May 25, 2006, the Division of the Ratepayer Advocate filed a letter with the Board indicating it has reviewed the draft electric and gas tariffs submitted by the EDUs and has no objection to the implementation of the tariffs.

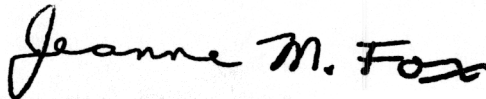
### DISCUSSION AND FINDINGS

The Board has reviewed the proposed tariffs filed by the EDUs in this proceeding. The Board HEREBY FINDS the proposed tariffs to be in the public interest as they will allow the EDUs to comply with the SUT exemption provisions for retail sales of energy and utility service provided by the 2006 Act and these provisions will promote economic development in the state by retaining jobs in New Jersey. Accordingly, the Board HEREBY APPROVES the proposed tariffs, nunc pro tunc, effective January 12, 2006. The EDUs are DIRECTED to file tariff sheets that reflect the approved effective date within ten (10) days of the date of this Order.

DATED:

6/7/06

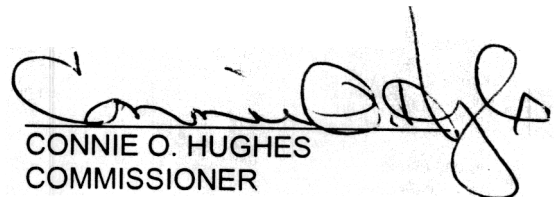
BOARD OF PUBLIC UTILITIES  
BY:



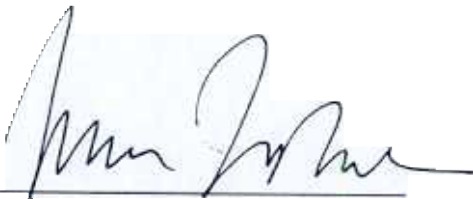
JEANNE M. FOX  
PRESIDENT



FREDERICK F. BUTLER  
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CONNIE O. HUGHES  
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JOSEPH L. FIORDALISO  
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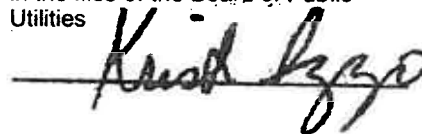
CHRISTINE V. BATOR  
COMMISSIONER

ATTEST:



KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public  
Utilities



I/M/O the Petition of ACE, ETG, JCP&L, NJNG, PSE&G, RECO, and SJG  
to Implement the Tariff Changes Required by P.L. 2005, c. 374  
Docket No. AT06050385

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Docket No. AT06050385

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